

Cleared of All Charges in Vesco Campaign Contribution Case Jury Acquits Mitchell and Stans

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APR 29 1974

NEW YORK, April 28—John N. Mitchell and Maurice H. Stans were acquitted today of all nine counts of criminal conspiracy, obstruction of justice, and lying to a grand jury in connection with a secret \$200,000 cash contribution to President Nixon's 1972 re-election campaign.

The former Attorney General and former Commerce Secretary were cleared of charges that they had tried to obstruct a Securities and Exchange Commission investigation in return for the contribution.

They were also absolved of charges that they had lied to a federal grand jury during its investigation of the case.

President Nixon received news of the verdict while he was conferring with aides at Camp David, the presidential retreat in Maryland. "The President is very pleased for the two men and their families," White House deputy press secretary Gerald L. Warren told reporters.

The two men, the first cabinet figures to face federal

charges in 50 years, were accused of trying to sidetrack the SEC investigation of fugitive financier Robert L. Vesco, who secretly gave the \$200,000 to the Nixon campaign on April 10, 1972.

The jury of nine men and three women returned the verdict at 12:55 this afternoon, after more than 25 hours of deliberation. The 10-week case was turned over to the jury at 4:55 Thursday afternoon.

As the count-by-count verdict was read, Stans wept at the defense counsel's desk. Mitchell slapped his attorney, Peter Fleming Jr., on the back.

Later, on the steps of the courthouse, Stans said, "I feel reborn. I was innocent all along, but it's good to have it confirmed."

A crowd of onlookers gathered outside the courthouse began hooting Stans, prompting him to remark that "maybe we should move away from here."

Then he added, "It's been a long, weary time, to live for a year with this thing hanging over me. I'm grateful to this jury for its findings. In conclusion, all I can say is that even the book of Job had a happy ending."

Asked by a reporter if he would continue his political activities, the former chief Nixon fund-raiser, who amassed some \$60 million for the 1972 campaign, said, "I think I'm retiring from active political activity and fund-raising."

Mitchell, who had expressed confidence throughout the trial, said, "It was all decided by 12 good American people. I think we can all be proud of how it works."

Government prosecutors were stunned by the decision. "I feel rotten," chief prosecutor John R. Wing said. "I feel very disappointed in the verdict."

"If we could have gotten Vesco back it would have been different," Wing said. Vesco is in Costa Rica, where he has avoided extradition for trial in the case.

"It was absolutely not a waste," Wing said. "When there's evidence that people committed crimes, those crimes should be investigated and prosecuted."

Later, on the steps of the courthouse, U.S. attorney Paul R. Curran did not hide his disappointment. "Under our system, guilt beyond a reasonable doubt must be

proved to the satisfaction of 12 jurors and they were left with a reasonable doubt," he said.

Curran lauded the four-man prosecution team and said, "The case was presented fully and fairly. The government lived up to its obligations to justice and I have to assume the jury has done the same. Justice is sometimes an illusory quality."

Mitchell and Stans had hoped for a "middle-American" jury. Defense lawyers used nearly half their peremptory challenges in removing five blacks and four unemployed persons from the panel from which the jury was picked.

Most of the jurors were middle to lower-middle class. They included two blacks—a New York City subway conductor and a highway engineer—a suburban bank teller, a postal worker, a telephone installer, an insurance clerk, a "yard man," an elderly housewife and an apartment superintendent.

In the course of its deliberation, the jury several times returned to the courtroom for the reading of testimony, as well as parts of Judge Lee P. Gagliardi's explanation

See VERDICT, A9, Col. 1

VERDICT, From A1

of the charges and the law. At one point on Saturday, the jurors asked for further instruction from the judge on how to determine the credibility of witnesses.

Judging from the sections they requested be reread, the jurors appeared to be focusing on the testimony of Harry L. Sears, who was indicted with Mitchell and Stans but received full immunity to testify for the government.

In essence, as Curran said later, the not-guilty verdict meant that the jurors did not believe the testimony of Sears and former White House counsel John W. Dean III, who swore Mitchell requested that Dean contact SEC Chairman William J. Casey regarding the Vesco investigation.

Curran said, however, that he does not think the verdict affected the credibility of Dean, who is expected to be a witness in future Watergate-related prosecutions.

Talking to reporters after the verdict, prosecutor Wing refused to comment when asked if perjury charges were contemplated against any witnesses in the trial.

The trial began with selection of the jury on Feb. 19. The jurors were sequestered on Feb. 28, the day before Mitchell and six other former Nixon aides were indicted by a federal grand jury in Washington probing the Watergate break-in and cover-up.

Mitchell faces charges in Washington of conspiracy, obstruction of justice and perjury.

The original indictment here—46 pages long—cited Mitchell and Stans with 10 counts each: three of obstruction of justice, one of conspiracy to obstruct justice and six of perjury (or, as they were described to the jury, false swearing).

After the prosecution had completed its case, Judge Gagliardi lopped off one of the obstruction of justice charges on a legal technicality.

The maximum penalty for a count of obstruction of justice was five years' imprisonment and \$5,000 fine. Each perjury and conspiracy count carried five years and \$10,000 fine as a maximum.

Vesco, who is now a fugitive in Costa Rica, and Sears, a friend of Mitchell who served as chairman of the New Jersey Nixon re-election committee, were also indicted originally.

Vesco and Sears were vital presences in the trial—in totally opposite ways.

Government attempts to extradite Vesco failed last November, after a hearing before a magistrate in Nassau, the Bahamas.

But the specter of Vesco hovered over both defendants with Vesco charged by the SEC with the most massive looting in the SEC's enforcement history.

While Vesco's non-presence loomed large, Sears' presence was equally large, once the prosecutors had granted him complete immunity from prosecution.

His seven days of rambling testimony from the witness stand filled more than 1,000 pages of a trial transcript that reached nearly 10,000 pages, in a trial that saw an amazing procession of 59 witnesses to the stand between the prosecution's opening statement March 1 and the closing words of its summation and the judge's charge to the jury on Thursday.

The list of witnesses was staggering, ranging from secretaries and telephone company record keepers to FBI agents to the late J. Ed-

gar Hoover's No. 2 man at the FBI to both of the President's living brothers, his personal secretary, two former chairmen of the SEC and one other SEC commissioner, the President's former counsel, the President's largest contributor, a one-time presidential counselor, two former U.S. Attorneys General and one former Commerce Secretary.

The sum of all the words, documents and lawyerly entreaties tended to obscure what the case was all about.

Vesco, an apparently clever man with balance sheets, assembled a small conglomerate with headquarters in Fairfield, N.J.,—not far from New York City—under the name of International Controls Corp.

In 1971, Vesco's ICC moved to buy what was left of the old Investors Overseas Services—the foreign investing firm that had been put together by the famed Bernard Cornfeld.

Cornfeld, in 1967, had entered into an agreement with the SEC not to do business with American citizens.

The SEC started to look into the IOS-ICC deal, believing it to be a violation of the 1967 consent agreement.

ICC felt it was not bound by the agreement, since it had not signed it, and its Washington law firm, Hogan and Hartson, joined battle with the SEC over the issue.

On March 18, 1971, the SEC issued a formal order of investigation to determine whether a registration statement filed by Vesco's New Jersey firm had accurately described its relationship with IOS.

That investigation was the key to the case here.

The indictment said the conspiracy began then and continued up to the filing of the indictment last May 10. The indictment in effect says the conspiracy started with attempts to squelch that investigation and took on a new life with efforts to keep that attempt secret.

Testimony in the trial indicated that Vesco claimed the SEC was harassing him, by transferring to him its antagonisms about Cornfeld.

Vesco hired Harry Sears—who was known as "the honest politician" in New Jersey—to represent him. Sears was then majority leader of the New Jersey Senate and had been a candidate for the Republican nomination for governor in 1969. His campaign's biggest financial backer had been the young Bob Vesco. Vesco is now 38.

Vesco, it seems, learned that Sears was a friend of then-Attorney General Mitchell. Mitchell was the keynote speaker at a fund-raising dinner in New Jersey to pay off Sears' gubernatorial campaign debt.

In December, 1971, Vesco was arrested in Bern, Switzerland, and Sears called Mitchell about the case. Mitchell called the American embassy in Switzerland about the arrest. Vesco, who had been held without bond, was released.

Sears acknowledged that Vesco paid him \$15,000 for his help in the matter.

Shortly thereafter, Vesco put Sears on the payroll—at a rate of \$60,000 a year, with \$35,000 paid in advance—as associate general counsel and a director.

Sears then began, he said, to talk to Mitchell about Vesco's problems with the SEC.

The government claimed that, in March, Vesco agreed to pay from \$250,000 to \$500,000 to the Nixon re-election committee, in exchange for Mitchell's and Stans' help in squelching the SEC case.

On March 8, 1972, Vesco

met with Stans, with International Controls executive Laurence Richardson in attendance, and promised to pay \$250,000.

Testimony conflicted as to whether Stans pressured Vesco to give the money in cash, and whether he insisted Vesco turn it in before April 7, when a new law for reporting large campaign contributions became effective in 1972.

The government's witnesses alleged that Stans made the demand, telling Vesco that Mitchell would take care of his SEC problem, while the defense claimed that Vesco offered cash, and preferred the anonymity of the pre-April 7 gift. Stans testified that he never mentioned Mitchell's name at that meeting.

Sears said he later talked Vesco into giving \$200,000 in cash before April 7, and \$50,000 by check later to the New Jersey campaign.

The money however, was not turned over to Stans until April 10, when Sears and Richardson toted it down in a briefcase and set it on Stans' desk. The bag was full of 100-dollar bills.

At the time, both Sears and Richardson testified Richardson said he told Stans he had a message for him from Vesco—that he hoped the cash would help with Vesco's SEC problems.

Stans said he didn't hear it that way. He claimed he never heard Richardson say he had a message; he recalled Richardson's having said only that he hoped the money would help. Stans said he assumed Richardson meant that it would help the President win re-election.

Stans' defense for not reporting the \$200,000 was that his lawyers advised him that the transaction was legally completed prior to April 7 by Vesco's earlier promise to give.

After dropping off the money, Sears testified, he then went upstairs to see Mitchell and told him the money had been delivered (Mitchell denied that Sears so told him). At that point, Sears said, Mitchell called then-SEC Chairman William J. Casey and asked him to talk to Sears about Vesco's problems with the staff of the commission.

Although Casey testified for the prosecution—and his testimony tended to incriminate Mitchell—his role in the Vesco case seemed fuzzy.

Casey now heads the Export-Import Bank.

At the time of the contribution, the SEC case was "winding down," with a staff report due within about 30 days.

Shortly thereafter, the SEC staff began to get indications that IOS was rapidly selling millions of dollars' worth of high-grade securities that it held.

The investigation was revived to determine what Vesco was doing with the money.

That investigation culminated in the filing, on Nov. 27, 1972, of the largest fraud charge ever brought by the SEC. It claimed that Vesco looted the IOS mutual funds of \$224 million.

In the course of the revitalized investigation, the SEC learned of the transfer of \$250,000 in cash from one of Vesco's banks in Nassau to New York, where one of his former lieutenants picked it up.

The date was April 6, 1972, and the investigator who spotted the transaction thought there was something to the fact that that date was one day prior to the campaign law reporting change.

The SEC sent out subpoenas to find out where the

money came from and where it went. The prosecution here alleged that the subpoenas touched off a new flurry of acts by Sears trying to head off the subpoenas through Mitchell.

The government claimed that Mitchell got some subpoenas postponed through Dean, then the White House Counsel.

Dean testified that Mitchell called him a number of times asking him to intervene in the case.

In November, the government evidence showed, Vesco tried to get word to F. Donald Nixon that, unless the SEC probing ceased, he would tell all.

Mitchell intercepted Vesco's written threat and turned it over to Sears, and Sears kept it in a closet and eventually turned it over to the prosecutors here.

Sears then tried to get G. Bradford Cook, a young SEC official, to narrow the investigation over the \$250,000 to just the source of the money.

The government alleged that in the fall as the SEC was preparing its civil suit against Vesco and 41 other defendants in the looting, Stans moved in on Cook—the son of an old friend—promising his support for Cook's ambitions to become chairman of the SEC.

Stans claimed it was the other way around—that Cook brought the Vesco case up with him, asking whether the \$250,000 came to him, then later reading him the draft of a paragraph in the SEC complaint that suggested where the \$250,000 might have gone.

Cook admitted during the trial that he had perjured himself three times before the grand jury here, as well as to two different congressional committees looking into the incident.

He claimed that Stans got him to change the paragraph, and that Stans later in effect encouraged him to lie when he was called to testify in the case.

Dean testified that he was present when Stans told Mitchell, at a meeting held at the Metropolitan Club here on Nov. 15, 1972, that he was working through Cook to get the SEC paragraph narrowed.

Mitchell's counsel, Fleming, insisted throughout the trial that Vesco may well have been trying to "fix" something, but that his client did nothing wrong at all.

He and Mitchell accused Sears of a practice called "rain making"—making his employer, Vesco, think he was getting action when in fact he was not.

Fleming repeatedly characterized the government's evidence as flimsy, and insisted to the jurors that the case was wrought in the prosecutors' minds, and manufactured via high-pressure tactics on such witnesses as Cook, Richardson and Dean.

Stans' lawyer, meanwhile, characterized Stans as Mr. Integrity himself whose memory at his grand jury appearance was affected by his wife's serious, near fatal, illness.